GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3526
ANSWERED ON:25.08.2006
GUIDELINES FOR LOANS TO PRIVATE AIRLINES
Prasad Shri Hari Kewal;Shaheen Shri Abdul Rashid

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has reviewed the guidelines relating to the term loan for providing funds to private airlines in the country; and

(b) if so, the details thereof, alongwith details of the modified guidelines issued in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b) : Reserve Bank of India (RBI) has advised the banks to prepare a well defined loan policy approved by their Board of Directors. The policy should lay down exposure limits to individual / group of borrowers, documentation standards, Sectoral exposure limits, delegation of powers including powers for write offs and review procedures, maturity and pricing policies, factors taken into consideration for deciding interest rates above the floor rate, etc. The management of the credit exposure to various sectors and borrowers is purely an internal management function and Board of Directors of the bank is authorized to frame suitable policies in this regard.